

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 86740 / August 22, 2019**

**ACCOUNTING AND AUDITING ENFORCEMENT**  
**Release No. 4065 / August 22, 2019**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19373**

**In the Matter of**

**DEUTSCHE BANK AG**

**Respondent.**

**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), against Deutsche Bank AG (“Deutsche Bank” or “Respondent”).

**II.**

In anticipation of the institution of these proceedings, Deutsche Bank has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondent's Offer, the Commission finds<sup>1</sup> that:

#### SUMMARY

1. This matter concerns violations of the books and records and internal accounting controls provisions of the Foreign Corrupt Practices Act of 1977 (the "FCPA") by Deutsche Bank. Between at least 2006 and 2014, Deutsche Bank provided valuable employment to the relatives of foreign government officials in various parts of the world as a personal benefit to the officials in order to improperly influence them to assist the bank in obtaining or retaining business or other benefits.
2. Deutsche Bank recognized that hiring relatives of foreign government officials and other clients in exchange for business could violate anti-bribery laws, including the FCPA. In 2010, Deutsche Bank enacted a written hiring policy in the Asia-Pacific region ("APAC") to detect and prevent its employees from offering temporary employment to candidates referred by current or potential clients to detect and prevent corrupt hiring practices. This hiring policy was not effectively enforced and did not apply to all categories of hires. Additionally, Deutsche Bank, although aware of corruption risks in its referral hiring practices, failed to implement global policies sufficiently to address this risk until 2015.
3. Deutsche Bank employees created false books and records that concealed corrupt hiring practices and failed to accurately document and record certain related expenses and Deutsche Bank failed to devise and maintain a system of internal accounting controls around its hiring practices sufficient to provide reasonable assurances that its employees did not bribe foreign government officials.

#### RESPONDENT

4. **Deutsche Bank AG ("Deutsche Bank")** is a multinational financial services corporation incorporated and domiciled in Germany. The company issues and maintains a class of publicly traded securities registered pursuant to Section 12(b) of the Exchange Act and is listed on the New York Stock Exchange (ticker: DB). Deutsche Bank files periodic reports, including Forms 20-F, with the Commission. Deutsche Bank operates in more than 70 countries worldwide and is the

---

<sup>1</sup> The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

direct or indirect holding company for Deutsche Bank's subsidiaries. Deutsche Bank employees in various parts of the world engaged in the conduct discussed herein.<sup>2</sup>

## **FACTS**

### **Deutsche Bank Policies Prohibited Employment in Exchange for Business**

5. Since at least 2009, Deutsche Bank's Global Anti-Corruption Policy prohibited employees from providing "anything of value" to a government official to gain an improper business advantage. Prior to 2009, various policies and procedures addressed anti-bribery and corruption issues at the bank. In 2009, Deutsche Bank specifically defined "anything of value" in the Global Anti-Corruption Policy to include job offers and recognized that providing employment at the request of a client, potential client, or government official could violate Deutsche Bank's anti-bribery policies. A regional compliance memo in 2009 explained, "hiring interns with links to State Owned Enterprises and Government Officials," hiring interns who "did not appear to meet [Deutsche Bank's] basic criteria . . . with respect to education, qualifications and credentials," and hiring interns "within a short period of a mandated deal being awarded or completed" posed corruption risks:

"Because of this significant value and the benefits received there are regulatory and reputational risks that the offering of these internships to our clients (current or prospective) without going through a fair, formal and documented selection process could be perceived as Deutsche Bank trying to gain an improper advantage."

6. Despite these prohibitions, since at least 2006, Deutsche Bank's APAC operations engaged in a pattern and practice of providing employment to relatives at the request of SOE executives from whom Deutsche Bank sought business. In APAC many of the bank's clients and prospective clients were State-Owned Entities ("SOEs") whose employees are deemed "foreign officials" under both the FCPA and Deutsche Bank policies. Client referral hires were primarily known at Deutsche Bank as "Referral Hires" and/or "Relationship Hires."

7. From the outset, the primary goal of Referral Hiring was to generate business for Deutsche Bank by extending personal favors to clients, including government officials, through hiring their relatives. For example, during the time Deutsche Bank was working to obtain an IPO from a Chinese client, the client's Chairman asked Deutsche Bank to hire his son. The banker working to obtain the IPO told Deutsche Bank management that if Deutsche Bank hired the Chairman's son, he believed they would be awarded the business. In other instances, when bankers submitted a client referral hire request, management in APAC asked what role the parent performed at the SOE to determine if the parent could steer business to the bank and asked the banker to quantify the fees Deutsche Bank could expect to earn from the referring client.

---

<sup>2</sup> Deutsche Bank employees referenced in this Order may have worked for one or more Deutsche Bank legal entities during the relevant time. Deutsche Bank acknowledges it is responsible for ensuring accurate books and records, and sufficient internal accounting controls, within its consolidating businesses.

8. Referral Hires bypassed Deutsche Bank’s highly competitive and merit-based hiring process where successful applicants were required, among other things, to have a high grade point average, to pass competency based numerical and verbal skills tests, and advance through multiple rounds of interviews. In contrast, Referral Hires did not compete against other candidates based on merit or academic qualification and, in many instances, were less qualified than those employees hired through Deutsche Bank’s formal hiring process. Referral Hires had no formal application process, no defined qualifications such as a minimum grade point average or educational requirement, no competency test requirements, and no specific interview requirements. To help unqualified Referral Hires appear qualified, some APAC-based Deutsche Bank employees even drafted portions of their resumes, provided them with interview questions and answers in advance, and coached them on how to appropriately respond to questions. Some were hired without being interviewed at all. Deutsche Bank provided this preferential treatment to candidates referred by clients and prospective clients, including foreign government officials.

9. Similar misconduct took place from 2009 to 2012 in Russia, where Deutsche Bank employees hired relatives at the request of foreign officials in Russia to obtain or retain business or other benefits. As was the case in APAC, Russian Referral Hires were sometimes unqualified. In some instances, if requested by the candidate or parent, Deutsche Bank’s London-based global management authorized unqualified Russian Referral Hires to work in London. One Russian Referral Hire performed so poorly in London that he was deemed “a liability to the reputation of the program, if not the firm...” by a London-based human resource employee.

#### **Deutsche Bank Created a Hiring Policy in 2010 for the APAC Region**

10. In 2010, Deutsche Bank implemented a hiring policy specifically for the APAC region (“APAC Hiring Policy”) that prohibited Deutsche Bank’s employees in APAC from offering off-cycle internships, i.e., internships outside of Deutsche Bank’s formal internship programs, to any candidate referred by a client, prospective client or government official from whom Deutsche Bank sought or had pending business, subject to an approval process established by the policy. The APAC Hiring Policy specifically defined employees of SOEs and government ministries as foreign officials. Importantly, the APAC Hiring Policy also prohibited employees from hiring Referral Hires as a temporary employee or “in other roles” to evade the policy.

11. As part of the APAC Hiring Policy, Deutsche Bank created a questionnaire which required employees who sought approval for a Referral Hire to disclose the source of the referral, identify whether the referral source was a current or prospective client, and disclose whether the Referral Hire was referred by or related to a government official. The questionnaire was then supposed to be submitted to the compliance and human resources departments for review and approval. However, Deutsche Bank did not ensure that the APAC Hiring Policy was effectively implemented.

12. Significantly, some senior Deutsche Bank employees in APAC, including Deutsche Bank’s Chairman of Corporate Finance, Asia (“Chairman of APAC Corporate Finance”), ignored or deliberately bypassed the APAC Hiring Policy by directing Deutsche Bank’s China-based joint venture (“JV”) to hire a prohibited candidate to obtain business and evade the policy. This occurred even where the FCPA risk of a specific Referral Hire was known. For example, the

Chairman of an SOE asked Deutsche Bank to hire a candidate while Deutsche Bank was seeking business from the SOE. The Regional Head of Compliance in APAC rejected the candidate under the APAC Hiring Policy and stated that because Deutsche Bank had “pending business” with the SOE, the hire posed a “higher FCPA” risk. Senior level bank employees in APAC, who knew the candidate was rejected because of the FCPA risk, then asked the JV to hire the prohibited candidate. Additionally, a Deutsche Bank employee told the JV that the Referral Hire’s father was “in charge of evaluation of all overseas investments for [SOE]” and explained that Deutsche Bank could not hire the candidate directly because it had pending business with the SOE. Referral Hires employed through the JV were, at times, permitted to work for Deutsche Bank without documentation, oversight, or compliance authorization.

13. While the corruption risks were the same as other Referral Hires, the APAC Hiring Policy did not apply to “lateral” or “experienced” hires. For example, after Deutsche Bank instructed its JV to hire a Referral Hire, the Chairman of APAC Corporate Finance on-boarded the Referral Hire from the JV to Deutsche Bank several months later as a “lateral” hire that was not covered by Deutsche Bank’s APAC Hiring Policy. As a result, in addition to using these methods to easily circumvent the policy, certain Deutsche Bank employees in APAC knowingly submitted false and inaccurate documentation in connection with hires, misrepresented the identity of the referral source, falsely claimed that government officials were not the referral source, and concealed the purpose of the hire.

14. The APAC Hiring Policy did not effectively mitigate known corruption risks in Deutsche Bank’s long standing Referral Hiring practices in APAC. Senior Deutsche Bank managers and other employees in APAC continued to make hires in part on relationships and to obtain business from SOE clients. In October 2012, the Co-Head of Investment Banking in China sent an email to other employees inquiring as to whether revenue projections could be generated for recent Referral Hires stating, “Relationship hire decisions are purely based on revenue projection not sector coverage. We hired 9 analyst[s] in the last 18mths, can we also go one by one on revenue projection except [Referral Hire A]? Understand none hired through normal process.”

#### **Deutsche Bank Did Not Prohibit Referral Hiring Globally Until 2015**

15. While Deutsche Bank had defined “anything of value” in 2009 to specifically include job offers and enacted the APAC Hiring Policy in 2010, it did not implement a global hiring policy with this effect until October 2015.

#### **Deutsche Bank Assigned Referral Hires to Work on Transactions Despite Known Conflicts of Interests and Policy Prohibitions**

16. In addition to its APAC Hiring Policy, Deutsche Bank had a Global Conflicts of Interest Policy that required management and employees to identify and manage potential conflicts of interest. Under the policy, employees were supposed to be “walled off” or ring-fenced from business that created a potential conflict of interest, however this policy was also not effectively enforced.

17. Deutsche Bank employees at times assigned Referral Hires to work on deals where the Referral Hire's parent or other close family member was a key decision maker or the source of the referral in order to further capitalize on their personal relationship. Deutsche Bank lacked systems to verify compliance with this policy.

### **Deutsche Bank Obtained Business as a Result of Referral Hiring**

18. Deutsche Bank, directly or indirectly, hired numerous Referral Hires at the request of government officials in China and Russia including circumstances in which there was evidence connecting the hire to specific business. Deutsche Bank was unjustly enriched by approximately \$10,785,900 from those transactions occurring within the statute of limitations.

### ***APAC Referral Hire A***

19. Deutsche Bank hired Referral Hire A whose father was the Chairman of a large Chinese SOE. SOE executives asked Deutsche Bank to hire Referral Hire A and emailed her resume from the SOE to Deutsche Bank. Referral Hire A had minimal relevant work experience and, based on academic credentials, would not have qualified for employment at Deutsche Bank. Deutsche Bank also was not able to directly hire Referral Hire A due to headcount restrictions that were in effect at that time. Moreover, because the referral was the SOE Chairman's child, unqualified, and the SOE was a current and prospective Deutsche Bank client, the hire request would likely have been rejected by Deutsche Bank human resources and compliance.

20. To avoid these problems, Deutsche Bank's Chairman of APAC Corporate Finance and Deutsche Bank's lead banker for the SOE instructed Deutsche Bank's JV to hire the SOE Chairman's daughter, Referral Hire A, with the possibility that they would move Referral Hire A from the JV to Deutsche Bank as a lateral hire at a later date. Thus, Deutsche Bank employees informed the CEO of the JV that he needed to give Referral Hire A, described as "a VIP," an offer and needed to move the process along quickly.

21. Referral Hire A failed the JV's admissions tests and performed poorly during the interviews. The CEO of the JV told Deutsche Bank, "she is an average-level candidate based on the interviews but failed 2 tests which means she is not good at analysis. I'd suggest we reject the candidate if it's not a must hire case." Shortly thereafter, an SOE executive contacted a Deutsche Bank employee to ask for an update on Referral Hire A's employment status. After several conversations between Deutsche Bank employees, including the Chairman of APAC Corporate Finance, the JV agreed to hire Referral Hire A.

22. After Referral Hire A had worked for the JV for a few months, she threatened to quit if Deutsche Bank did not transfer her from the JV into Deutsche Bank's Hong Kong office. During this same time period, Deutsche Bank was working to close one transaction for the SOE and learned that the SOE was considering Deutsche Bank for additional business. Deutsche Bank employees expressed concern that if they did not accommodate Referral Hire A's request, the bank's relationship with the SOE could be negatively affected.

23. Over an approximate 3 month time period, Deutsche Bank took the following steps to accommodate Referral A's request and successfully closed a previously mandated but not yet finalized deal from the referring SOE:

- Referral Hire A resigned from the JV and Deutsche Bank flew her to Hong Kong and management in APAC offered her a job. However, due to a global hiring freeze which required global management approval for all new hires, management in APAC was not authorized to hire new employees. Because employees in APAC did not have authority to hire Referral Hire A at that time, they agreed to second her from the JV to Deutsche Bank while exploring ways to possibly onboard her without the need for global approval while also continuing to seek authorization for the hire from global management. In an effort to obtain approval for Referral Hire A's employment, Deutsche Bank's lead banker on all deals related to the relevant SOE also itemized approximately \$10 million in potential revenue from deals for which Referral Hire A was involved in the pitching process while at the JV, including one deal from the SOE.
- The SOE scheduled a meeting with Deutsche Bank, which was also attended by Referral Hire A's father, to discuss the pending SOE transaction.
- Deutsche Bank's lead banker for the SOE warned management in APAC that their relationship with the SOE would "turn completely sour" and that Deutsche Bank could face "relationship deadlock" if they did not obtain approval to hire Referral Hire A.
- Referral Hire A learned that her "urgent" request was approved by immigration authorities and within days, Referral Hire A's father met with Deutsche Bank to discuss other potential SOE business, including a lucrative IPO.
- A few days later Deutsche Bank closed one deal for the SOE and obtained \$3,750,000 from the transaction.
- The next week, Referral Hire A started work at Deutsche Bank but was classified as a "seconded" JV employee because Deutsche Bank still did not have global authorization to hire her directly. The Chairman of APAC Corporate Finance and other employees continued to petition Deutsche Bank's global management for approval to hire Referral Hire A noting that Referral Hire A was "very useful" to Deutsche Bank and warning that "we can't wait until summer."
- Shortly thereafter, the Chairman of APAC Corporate Finance learned that the SOE was going to issue a bond and instructed bankers to schedule a meeting with the SOE immediately in an effort to win that business. That same day, the Chairman of APAC again reiterated the need to give Referral Hire A an employment offer as soon as possible.
- A delegate of the COO of Deutsche Bank's Corporate & Investment Bank authorized the bank to hire Referral Hire A and she was assigned to work on transactions involving the related SOE.

24. During the relevant time period, Deutsche Bank carried out two transactions for the SOE.

### *APAC Referral Hire B*

25. Deutsche Bank hired Referral Hire B at the request of his mother, an SOE executive, and a request from the Chairman of another SOE. Referral Hire B's father was also an executive at an SOE. Referral Hire B's mother and father contacted several employees at Deutsche Bank to inquire about their son's employment prospects while Deutsche Bank actively sought business from both SOEs.

26. Referral Hire B's resume contained numerous grammatical errors and typos, but a Deutsche Bank employee revised the resume for him. Even after Referral Hire B was emailed "a cheat sheet" by a banker in APAC that included interview questions and acceptable responses in advance of the interview, he still interviewed poorly. Interview notes stated that Referral Hire B's interviewers did not like him, thought he was one of the worst candidates they interviewed, and thought "he showed very little interest or understanding of markets/finance/current affairs." After Referral Hire B's mother called one banker to follow-up on her son's employment prospects with Deutsche Bank, the banker suggested to other employees that if Referral Hire B could not get the job based on merit, they should find another way to hire him since his mother was a "fee paying client of the bank." Deutsche Bank hired Referral Hire B and bankers were cautioned to "manage the expectations" of, not only Referral Hire B, but also his parents. The Head of Corporate Finance APAC instructed employees to "get the most out of this" hire.

27. Deutsche Bank employees reported that they would "leverage" Referral Hire B's family connections to obtain business. In fact, Referral Hire B's mother personally contacted the Chairman of another SOE, who also referred Referral Hire B to Deutsche Bank, to help Deutsche Bank obtain business from the SOE. In one instance, Deutsche Bank announced it had obtained a mandate from the SOE where Referral Hire B's mother worked and congratulated him for "bringing us the deal." Referral Hire B was promoted, in part, because he "brought two deals from [SOE where mother employed] and [is] working on a potential transaction with [SOE where father employed]." During the relevant time period, Deutsche Bank won four transactions from these three SOEs.

### *APAC Referral Hire C*

28. Deutsche Bank attempted to hire Referral Hire C, the son of the Chairman of a Chinese SOE, at the same time Deutsche Bank actively sought business from the SOE. However, compliance learned of the intended hire and twice rejected him under the APAC Hiring Policy. The Chairman of APAC Corporate Finance then asked the JV to hire Referral Hire C and it did. A Deutsche Bank employee later summarized Referral Hire C's employment history:

"I appreciate that this is a high level referral... based on global policy regarding our basic eligibility criteria, [he] doesn't qualify for the DB grad program... He has also sat (and failed) the numeracy tests on more than one occasion... when he failed those assessments and we discovered the degree classification was below our cut off, he was taken to



compliance to get approval to hire as an off-cycle intern, and was rejected there also. He was then offered work experience with [the JV] directly.”

29. During Referral Hire C’s employment at the JV, Deutsche Bank employees discussed ways to move Referral Hire C from the JV to Deutsche Bank since compliance previously rejected him. One Deutsche Bank employee suggested that Deutsche Bank “hire him as a Trainee analyst and put him on the bootcamp with the other ones who fail to meet grad program standards.” The COO for investment banking coverage and advisory in APAC responded, “We still have the problem of the SOE connection and being rejected by Compliance twice already, plus if he doesn’t make the hiring standard we could run in to issue as seen at other banks for r’ship hires.” Compliance never approved the hire.

30. Nonetheless, Deutsche Bank’s Chairman of APAC Corporate Finance allowed Referral Hire C, as a JV employee, to work at Deutsche Bank despite knowing he had been repeatedly rejected by compliance, and touted Referral Hire C’s contributions on joint JV and Deutsche Bank pitches. Referral Hire C also worked on Deutsche Bank business entirely unrelated to the JV but did not document the work performed or obtain compliance approval for this arrangement.

31. In one instance, a Deutsche Bank APAC employee requested reimbursement for Referral Hire C’s travel expenses. APAC business management personnel denied reimbursement because Referral Hire C was not a Deutsche Bank employee. The Deutsche Bank APAC employee who requested reimbursement explained that Deutsche Bank needed to pay for Referral Hire C’s travel expenses because the costs were incurred while Referral Hire C was working on a Deutsche Bank deal that had “nothing to do with [the JV].” Deutsche Bank has no documentation to explain what work was performed by Referral Hire C. During the relevant time period, Deutsche Bank was awarded two transactions from the related SOE.

### ***Russian Referral Hire D***

32. Deutsche Bank hired Referral Hire D at the request of her father, a Deputy Minister at a Russian government entity from which Deutsche Bank had repeatedly, and unsuccessfully, sought business. Referral Hire D’s father asked Deutsche Bank Russia’s Chief Country Officer (“Russia Chief”) to hire his daughter to work at a Deutsche Bank office in Moscow, London, or New York in 2009. The Russia Chief enthusiastically voiced his support for the hire to his supervisors in London, “We must do it! We should have her in London as it is NOT politically correct to have her in Moscow!” Deutsche Bank hired Referral Hire D as a temporary employee in Moscow with the understanding that she would be given a permanent job with Deutsche Bank in London.

33. Approximately four months after Deutsche Bank hired Referral Hire D as a temporary employee in Russia, Deutsche Bank was not awarded a deal that it sought from the Russian government. A senior London-based executive emailed the Russia Chief, “I know you must be all over this disaster. I am monitoring and obviously keenly interested. We must get inserted in [the deal]. We must use whatever tactic and political pressure to avoid this embarrassment. DB not participating is a slap in our face.” The Russia Chief responded that he had already met with

“Russian Deputy Minister [name][Referral Hire D’s father] who is responsible for the process and DB’s supporter.”

34. A few days after that meeting, a London-based executive (“London Executive 1”) told another London-based executive (“London Executive 2”) that Deutsche Bank needed to offer Referral Hire D a permanent job with Deutsche Bank in London. London Executive 1 stated, “This is the daughter of the Deputy Minister. She has been interning with us since October with the commitment we hire her in the New Year. She is part of the HC [permanent headcount] plan.” London Executive 2 questioned why Deutsche Bank would use a permanent headcount position for Referral Hire D when they could just keep her as a temporary employee. London Executive 1 explained that Referral Hire D’s father is the deputy finance minister in Russia and had asked Deutsche Bank to hire her and if they did not find a permanent position for her as promised, they would harm the relationship with Referral Hire D’s father and “significantly undermine our relationship with the [government ministry].”

35. Referral Hire D’s move to London was approved and approximately 10 days after Referral Hire D was transferred to London, Deutsche Bank received a request for proposal signed by Referral Hire D’s father regarding a €2 billion Eurobond issuance which was the first step to obtain the business.

36. Deutsche Bank also added Referral Hire D and Referral Hire D’s father to the itinerary of a previously planned trip for other government officials. Shortly thereafter, one Deutsche Bank employee emailed other employees and suggested that they meet to discuss “what we may need to do on the Government officials [sic] level in order to position DB to win this time.” Approximately ten days after this email was sent, Russia Chief and his wife attended a vacation with the Deputy Minister, his wife, his daughter (Referral Hire D), and others. Although the trip lacked any legitimate business purpose and was comprised solely of leisure activities including, hunting, helicopter rides, and fishing, Deutsche Bank falsely recorded the trip as a legitimate business expense. Shortly after the trip, Deutsche Bank submitted its bid for the transaction and was awarded the transaction.

### ***Russian Referral Hire E***

37. Deutsche Bank hired Referral Hire E at the request of his father who was a senior executive of a Russian SOE. After a short time as a temporary employee in Moscow in 2010, Referral Hire E requested a transfer to London. Human resources in London determined Referral Hire E likely was not eligible for the Bank’s graduate program but acknowledged, “we can always flex this if the business case is the right one.” The Head of Deutsche Bank’s Corporate and Investment Bank, who was also a member of Deutsche Bank’s Management Board, approved Referral Hire E’s transfer to London. A London-based human resource employee explained to another employee:

“FYI ...the classic nepo situation that we have every year. Tried to push back on this one ... [but the Head of Deutsche Bank’s Corporate and Investment Bank] didn’t push it back once he knew who the client was. [Referral Hire E] is the son of the head guy at [SOE] and has asked [Russia Chief] to arrange this... I’ve made [Russia Chief] aware of the risks if

Referral Hire E doesn't meet the mark. [Russia Chief] is happy to remove him from the program and bury him somewhere in the Moscow office if he doesn't cut it [in] the program."

38. After only two months of employment in London, the London-based human resource employee stated that irrespective of his father's position as an important client, Referral Hire E should be terminated because he failed to come to work, cheated on an exam, and was "a liability to the reputation of the program, if not the firm..."

39. Referral Hire E remained at Deutsche Bank in London for another two months and was then transferred back to Deutsche Bank's Moscow office in December 2011 where he continued to work for approximately two more months. During the relevant time period, Deutsche Bank carried out one transaction for the related SOE.

### **LEGAL STANDARDS AND VIOLATIONS**

40. Under Section 21C(a) of the Exchange Act, the Commission may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision of the Exchange Act or any rule or regulation thereunder, and upon any other person that is, was, or would be a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation.

41. As a result of the conduct described above, Deutsche Bank violated Section 13(b)(2)(A) of the Exchange Act which requires issuers to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the issuer.

42. As a result of the conduct described above, Deutsche Bank violated Section 13(b)(2)(B) of the Exchange Act which requires issuers to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

### **Commission Consideration of Deutsche Bank's Cooperation and Remedial Efforts**

43. In determining to accept the Offer, the Commission considered Deutsche Bank's cooperation and remedial efforts. Deutsche Bank shared facts developed in the course of its own internal investigation, including certain of the violative conduct described herein.

44. Deutsche Bank's cooperation included: responding promptly to the Commission's requests for information and documents; identifying issues and facts that would likely be of interest to the

Commission's staff; providing regular updates of factual findings developed during the course of its own internal investigation; and identifying key documents and providing factual chronologies to the Commission's staff.

45. Deutsche Bank's remedial measures included: enhancements to its internal accounting controls; enhancements to its anti-corruption compliance program and hiring practices on a global basis; requiring that Deutsche Bank's anti-corruption office reviews and approves each hire of a candidate referred by a client, potential client, or government official; instituting procedures and practices to monitor and audit Referral Hires; and increased anti-bribery training that specifically addresses hiring practices. Deutsche Bank also undertook employment actions based upon its findings regarding the underlying conduct, and separated from certain employees and made other personnel changes to remediate in the relevant regions and substantially enhanced compliance staffing. In addition to these completed remedial steps, the company is continuing to develop policies to mitigate corruption risks in lateral hiring, specifically related to its JV, and to ensure that its conflicts of interest policy is enforced.

#### IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 21C of the Exchange Act, Deutsche Bank cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

B. Respondent shall, within 10 days of the entry of this Order, pay disgorgement of \$10,785,900, prejudgment interest of \$2,392,950 and a civil money penalty in the amount of \$3,000,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and 31 U.S.C. §3717. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center

Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Deutsche Bank as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Daniel J. Wadley, Director, Salt Lake Regional Office, Securities and Exchange Commission, 351 S. West Temple, Suite 6.100, Salt Lake City, UT 84101.

C. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

D. Respondent acknowledges that the Commission is not imposing a civil penalty in excess of \$3,000,000 based upon its cooperation in a Commission investigation or related enforcement action. If at any time following the entry of the Order, the Division of Enforcement ("Division") obtains information indicating that Respondent knowingly provided materially false or misleading information or materials to the Commission, or in a related proceeding, the Division may, at its sole discretion and with prior notice to the Respondent, petition the Commission to reopen this matter and seek an order directing that the Respondent pay an additional civil penalty. Respondent may contest by way of defense in any resulting administrative proceeding whether it knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By the Commission.

Vanessa A. Countryman  
Secretary

